

Q & A on Financial Issues with your Treasurer, Karen Mazzola

QUESTION: We are getting a debit/credit card. Is there an electronic banking agreement form?

Section 3 Dollars & Sense (page 26) addresses Electronic Banking Best Practices.

Included is:

- 1-the New EFT 2019 Pre-Approval Form
- 2- the Electronic Banking Agreement is a PTA Ethics / Conflict of interest form.

We recommend that you have board members complete both forms when cards are issued.

QUESTION: Do you have vendors who perform services for the PTA and you paid them at least \$600 or more for their services?

Generally PTAs pay vendors for the cost of materials provided for a fundraisers, etc. -
- not for services rendered. 1099's are usually not required.

REVIEW IRS 501(c)(3) Regulations at this link:

<https://www.irs.gov/forms-pubs/about-form-1099-misc>

Generally, if the organization pays at least \$600 during the year to a non-employee for services (including parts and materials) performed in the course of the organization's business, it must furnish a Form 1099-MISC, *Miscellaneous Income* to that person by January 31 of the following year.

File Form 1099-MISC for each person to whom you have paid during the year:

- At least \$10 in royalties or broker payments in lieu of dividends or tax-exempt interest.
- At least \$600 in:
 - Rents.
 - Services performed by someone who is not your employee.
 - Prizes and awards.
 - Other income payments.
 - Medical and health care payments.
 - Crop insurance proceeds.
 - Cash payments for fish (or other aquatic life) you purchase from anyone engaged in the trade or business of catching fish.

- Generally, the cash paid from a notional principal contract to an individual, partnership, or estate.
- Payments to an attorney.
- Any fishing boat proceeds.

Question: Is PTA allowed to hold a Silent Auction as a fundraiser on school district property?

Yes! PTAs are Charitable non-profit 501(c)(3) organizations and are permitted to hold silent auctions on school district property as a silent auction is not a raffle, drawing, game of chance, or gambling. Be sure you understand the definition of a Silent Auction below. (You do not sell tickets, place tickets in bags, or conduct a drawing for a silent auction.) A silent auction is NOT gambling or a drawing of any kind.

DEFINITION OF SILENT AUCTION:

Silent auctions are auctions held without an auctioneer. People place their bids on sheets of paper instead. Charities/PTAs accept tax-exempt donations of items (including gift cards) to be auctioned off to the highest bidder. The PTA designates the time when bids are accepted, usually at a PTA event, and when bidding is closed. Online bidding on silent auctions is also acceptable. When the bidding is closed, the person who made the highest bid on each item, then writes a check to the PTA for the item. This is NOT Gambling.

Question: Can a 501(c)(3) tax-exempt PTA hold a drawing, raffle or a game of chance according to the IRS and state statutes.

Yes! Provided the raffle or game of chance is held in accordance with Florida Statutes [849.0935](#), and unlawful activities are not engaged in, PTAs can hold raffles and drawings anywhere **except for on school district property**, according to the Florida Department of Education Red Book.

UNLAWFUL ACTIVITIES FOR DRAWINGS OR RAFFLES

Section 4 of Florida Statutes [849.0935](#) covers what would be considered unlawful activities by an organization conducting the drawing. All of the unlawful activities detailed must be avoided, and it is important to note that you cannot require an entry fee for a raffle.

RED BOOK - FLORIDA DEPARTMENT OF EDUCATION - RAFFLE GUIDELINES FOR SCHOOLS

The Florida Department of Education "Florida Red Book" for schools states that raffles conducted by a charitable, nonprofit organization exempt from federal income tax may

conduct raffles or drawing by chance in the name of the school but the raffle may not be conducted on school property. Following is the complete verbiage from the Florida Red Book, Chapter 8, 4.4 - COOPERATIVE ACTIVITIES:

"The district superintendent acts as the custodian of all school property pursuant to section 1001.51(4), F.S., and may delegate responsibilities to the school principal. The principal shall control the fundraising activities conducted in the name of the school and ensure that the purposes are worthwhile.

Raffles and other activities of chance *shall not* be conducted by the school or on school property, including raffles conducted by charitable, nonprofit organizations leasing school property. Encouraging or permitting minors to participate in games of chance by playing or betting money or other valuable things is prohibited pursuant to section 849.04, F.S. Only a charitable, nonprofit organization exempt from federal income taxation pursuant to the Internal Revenue Code may conduct raffles or drawings by chance in the name of the school if the organization complies with all applicable provisions of chapter 496, F.S., and section [849.0935](#), F.S., and the raffle is not conducted on school property."